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Agenda item 7

DRAFT REPORT OF THE AD HOC WORKING GROUP ON TRADE EFFICIENCY ON ITS THIRD SESSION

Held at the Palais des Nations, Geneva,
from 2 to .. May 1994

Rapporteur: Mr. A. Brahime (Morocco)

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Note for Delegations

This draft report is a provisional text circulated for clearance by delegations.

Requests for amendments - to be submitted in English or French - should be communicated by **Wednesday, 18 May 1994** at the latest to:

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INTRODUCTION

1. The Ad Hoc Working Group on Trade Efficiency held its third session at the Palais des Nations, Geneva, from 2 to .. May 1994. In the course of the session, the Ad Hoc Working Group held ... formal and ... informal meetings.

Opening statements

2. The **Chairperson** said that although the Marrakesh meeting marking the conclusion of the Uruguay Round in April 1994 had stressed the international community's willingness to introduce a macro-economic framework for an open global trading system, the micro-economic issues of international trade had still to be addressed. This had been the work of the Trade Efficiency Programme since its launching in Cartagena by UNCTAD VIII.

3. The United Nations International Symposium on Trade Efficiency, to be held in the United States, at Columbus, Ohio, in October 1994, would give the international community the opportunity to take actions which would allow all nations to participate fully in international trade. In all countries, scores of potential traders, especially small and medium-sized enterprises, were denied access to international trade because of the lack of efficient trade procedures, lack of information and information networks and inadequate support services or trade logistics. The Symposium would represent an historic opportunity to change the modalities of world trade and thus actually affect people's lives.

4. An important component of the Trade Efficiency Programme was the linkage of trade points in a global electronic network. At the time of the meeting, nearly 50 trade points had been initiated. The programme brought immediate benefits to participants and had the potential to boost world trade.

5. The work of the Ad Hoc Working Group was unique in that it linked policy issues and technical assistance within UNCTAD. There had been commendable cooperation with private and public sector experts, as well as with a number of organizations such as CCC, ECE (WP.4) and ITC, which had resulted in a new form of synergy.

6. The **Deputy to the Secretary-General and Officer-in-Charge of UNCTAD** said that one of the main objectives of the session was to finalize the recommendations to be considered at the United Nations International Symposium.

These recommendations covered the six major areas of interest to trade efficiency, namely Customs, trade facilitation/business practices, business information, banking and insurance, transport and telecommunications. The Ad Hoc Working Group would have to decide on the status to be given to these recommendations at the Symposium.

7. The Ad Hoc Working Group would also have to adopt the first draft of the Columbus Ministerial Declaration. The draft would include broad principles for rapid action in the area of trade efficiency.

8. Six months after Marrakesh, the Symposium would provide trade ministers with the opportunity to address areas in which results had already been obtained in order to maximize the positive effects of the Uruguay Round. It was UNCTAD's role to ensure that this opportunity was seized by all participants in world trade.

9. The **Head of the Special Programme on Trade Efficiency** emphasized that special attention should be paid to the least developed countries (LDCs) which planned to set up trade points but were unable to attend the Ad Hoc Working Group for lack of financial resources.

10. The Ad Hoc Working Group would have to decide on the status of the recommendations to be adopted at the Columbus Symposium. One possibility was for the documents to remain as secretariat background documents.

Chapter I

PROGRESS ON IMPLEMENTATION OF TRADE POINTS AND THE TRADE POINT PROGRAMME

(Agenda item 3)

11. Introducing the item, the **representative of the UNCTAD secretariat** stressed that two kinds of obstacles could hinder international trade: the first was of a macro-economic nature, including tariffs and non-tariff barriers, whereas the second was micro-economic, including procedural obstacles and lack of trade services. UNCTAD's Trade Efficiency Programme aimed at reducing the second kind of obstacle (estimated to cost US$ 400 billion annually) by 25 per cent, which would generate annual savings of US$ 100 billion per year before the turn of the century. The three main objectives of trade efficiency were to lower transaction costs, to enhance participation in international trade, and to promote "best trade practices", and trade points would help make it possible to assess the field value of the measures considered to achieve these objectives. A trade point was a combination of three components, namely a trade facilitation centre, a trade information centre and a gateway to global networking. He underlined that trade facilitation was a task that trade points could contribute to in all regions of the world, independently of the technology and infrastructures available. Trade points had a vital function to play in gathering all participants in the "trade transaction chain" (importers, exporters, Customs, transporters, bankers, insurers, etc.) and assisting them in pursuing trade efficiency as a common goal. He concluded by mentioning that the trade point programme was now entering its second stage, i.e. that of global networking.

12. The **Chairperson** emphasized that although a number of technical demonstrations would be made during the session, this did not imply any endorsement by the UNCTAD secretariat. She then called upon the representatives of countries operating or planning trade points to describe their experiences.

13. The representative of **Germany** reported that the Rostock Trade Point had been inaugurated on 1 March 1994.

14. The representative of **Saudi Arabia** said that the trade point idea was being discussed in Saudi Arabia, in particular by the Chamber of Commerce, but so far no trade point had been established, possibly because of questions about

the suitability of a trade point in the light of the composition of Saudi Arabian imports and exports.

15. The representative of **Argentina** informed the Working Group that in addition to the trade point that was soon to be inaugurated in Santa Fé, three or four other trade points were foreseen. The Exportar foundation, which disseminated information on trade opportunities, would be linked to the Santa Fé trade point, and through this to the global Trade Point network.

16. The representative of **Australia** said that his Government had not yet determined its position on the trade point issue, though it was most interested. A recent review of the Australian Customs service had placed emphasis on trade facilitation and EDI.

17. The representative of **Canada** said that several organizations in Canada had expressed interest in the trade point programme and would be awaiting the outcome of the Working Group's session with interest. As yet, however, no trade point was operational in Canada.

18. The representative of **Chile** reported that the creation of the Santiago Trade Point was in its final stages.

19. The representative of **China** said that the Shanghai Trade Point was being set up with the support of the central and local government and its inauguration was expected for June 1994.

20. The representative of **Cuba** said that the Cuban Government intended to set up a trade point in Havana and, at a later date, in Varadero and Santiago de Cuba. The Government was creating a Trade Efficiency Association, in which all Government bodies and enterprises involved in foreign trade would participate.

21. The representative of the **United States of America** said that there were now 10 people working full-time at the North American Trade Point (NATP) in Columbus. The Trade Point was working with the Department of Commerce and the Department of Defense on several projects. The Trade Point's electronic catalogue was now live on the Internet network. The challenges the NATP faced were mainly organizational and financial. The NATP would also be responsible for logistics at the Symposium and was to ensure communications between Columbus and the other trade points.

22. The representative of the **Russian Federation** said that his Government intended to create a whole network of trade points. The country was currently in transition, and there were large numbers of new participants in foreign trade who were unfamiliar with trade practices. Of primary importance was the National Council for EDIFACT, whose main task was to disseminate information on EDIFACT, E-mail, and electronic data processing. Training courses on these technologies were to be carried out.

23. The representative of **Finland** informed the Working Group that trade points were being established in Helsinki, Estonia, and Ukraine, in line with UNCTAD's request to support the creation of trade points in less developed countries and countries in transition. In February, the three countries concerned had attended a six-week training session in Helsinki, where the topics had included the basics of ECE trade facilitation recommendations.

24. Trade points should disseminate information on trade procedures and provide technical solutions that did not require highly technical skills on the part of trade points or end users. Although ultimately trade points should be self-supporting, in the initial stages they needed donor or governmental support.

25. Finally, he gave a brief description of the technical solution developed by the Helsinki Trade Point based on Trader/2 software.

26. The representative of **Hungary** reported that the trade point in Budapest was now being set up and that, in parallel, tests were proceeding with EDI and electronic mail. He expressed concern that not all participants in international trade were interested in the trade point concept.

27. The representative of **Indonesia** said that a scheme similar to a trade point had been in operation since 1989, providing information services to over 500 small and medium-sized enterprises. Indonesia was now ready to set up remote industrial information stations around the country, which would constitute a subset of trade points at the national level. It was hoped to start with three nodes and subsequently to enhance the range of services provided.

28. The representative of the **Islamic Republic of Iran** explained that his Government had approached the UNCTAD secretariat formally on the question of the establishment of a trade point, and a preparatory mission had already taken

place. His country was interested in the experiences of trade points already in operation and hoped to have its own trade point in the near future.

29. The representative of **Italy** said that his Government was still considering the possibility of setting up an Italian trade point.

30. The representative of **Morocco** said that the trade point programme was an important element of the Moroccan Government's international trade strategy. In order to gain experience prior to the Symposium, the trade point would be installed in temporary premises.

31. The representative of **Mauritania** said that his country regarded trade points as versatile tools that would allow it to be more aggressive in the field of international trade. Two trade points were to be created, in Nouakchott and in Nouadhibou, and the steering committee for the future Nouakchott Trade Point had been established in 1993. The main difficulties encountered related to trade point financing during the early stages of its establishment.

32. The representative of **France** reported that Marseilles had already taken an official decision to set up a trade point. Four other cities, Grenoble, Le Havre, Lille and Bordeaux, had also expressed interest, but no decision had yet been made.

33. The representative of the **Philippines** informed the Working Group that the Philippines Trade Efficiency Association (PTEA) had been established in March 1994 and that the Trade Point Manila Inc. was now operating inside the Philippines Chamber of Commerce and Industry. The PTEA would oversee the operation of trade points in the Philippines, set guidelines and represent trade point users and participants. In that connection, he mentioned the need for a clear model defining the relationship between trade points and national trade efficiency associations. The trade point was using electronic mail to disseminate information, but difficulties were being experienced in the field of telecommunications technologies.

34. The representative of the **Republic of Korea** said that his country already had several institutions that were similar but not identical to trade points and was studying how to incorporate trade points in this environment.

35. The representative of the **United Republic of Tanzania** expressed his Government's keen interest in establishing trade points, and an UNCTAD mission had recently visited the country. The main problem was the novelty of the trade

point concept. Furthermore, LDCs lacked an appropriate infrastructure in many sectors, including finance and insurance. He therefore urged UNCTAD to consider assisting his country with equipment and training.

36. The representative of **Romania** expressed his Government's support for the trade point programme. It was expected that a first trade point would be operational in Bucharest within three months.

37. The representative of the **United Kingdom** reported that his country was looking at how trade points fitted into information schemes currently in place. He remarked that the development of proprietary standards could lead to closed systems, and he recommended open systems where none would be excluded. He mentioned the need to develop EDI for international trade and stressed the importance of following international standards. He also expressed the strong desire to start sending and receiving ETOs as soon as possible.

38. The representative of **Senegal** informed the meeting that the Dakar Trade Point would be inaugurated in June 1994. The trade point was particularly important as Senegal was part of the West African sub-region where efforts towards economic integration were now under way.

39. The representative of **Switzerland** announced that a trade point would be in operation at the World Trade Centre in Lausanne in two months' time.

40. The representative of **Tunisia** underlined the importance that the Tunisian Government attached to the trade point programme. The main activity of the Tunisian trade point was the collection and dissemination of information on trade opportunities among importers and/or exporters using a variety of means, ranging from electronic mail to printed newsletters. The main problem that had arisen related to trade point financing.

41. The representative of **Venezuela** said that, although there had been contacts with the trade point in Cartagena, Colombia, because of recent political changes in Venezuela there would be some delay in setting up a trade point there.

42. The representative of **Japan** said that his country was looking at the possibility of integrating existing institutions into the trade point network.

43. The representative of **Angola** reported a request for the setting up of a trade point had been made recently. He stressed the financial difficulties that

his country was going through and asked for financial assistance for equipment and training.

44. The representative of **Ethiopia** requested technical assistance to establish a trade point.

45. The representative of **Gabon** announced that, following an UNCTAD mission in March 1994, the Libreville Trade Point would be inaugurated in September 1994. Following the devaluation of the CFA franc, the Trade Point could help provide answers to the challenges that had to be faced. Finally, the cost of telecommunications in Gabon made it imperative for alternatives to be found in the field of electronic data transmission.

46. The representative of **Peru** reported that there was strong support in Lima for the creation of a trade point, particularly from the Chamber of Commerce. A feasibility study for creating a trade point would be completed soon, and the Lima Trade Point should be in operation before the Symposium.

47. The representative of **Thailand** reported that the Thai trade point project would be moving into its second phase with the inauguration of a second trade point in June 1994. That trade point would be product-specific, based on the Thai jewellery market.

48. A member of the **Swiss delegation**, conveying a message from the World Trade Centers Association, said that, at its regular spring meeting in April 1994, the World Trade Centers Association (WTCA) had concluded that there was a strong commonality of purpose between World Trade Centers and trade points and that World Trade Centers would be ideal locations for trade points. WTCA therefore intended to launch a programme of cooperation with national Governments that would lead to the establishment of trade points within World Trade Centers. National Coordinators would be appointed to coordinate communications with appropriate government agencies. WTCA would work with the organizers of trade points to exchange information and services for the increased benefit of world businesses.

49. The **Head of the Special Programme on Trade Efficiency** said that discussions with WTCA had been going on for two years and that he was extremely pleased to learn that the spring meeting had given its blessing to these efforts. This was one of the most favourable events for the Trade Efficiency Programme in recent months.

50. The representative of the **United States of America** referred to the different EDI standards (X12 and EDIFACT) in use and said that the United States should align itself with the rest of the world. National standards should be developed in the context of international standards.

51. The representative of **Algeria** informed the Working Group that the Algiers Trade Point, inaugurated in December 1993, included all the services involved in international trade. The Trade Point was particularly useful for small and medium-sized enterprises, as it provided information and assistance on all aspects of international trade. Unfortunately the Trade Point was not yet connected to the trade point network. The creation of a "second generation" trade point catering for a larger number of participants was foreseen for the near future. The cities of Oran and Skikda had also expressed interest in trade points. She requested technical cooperation from UNCTAD in connection with the trade point programme.

52. The representative of **Brazil** reported that trade points had been opened in Rio de Janeiro, Campinas and Porto Alegre. The Rio Trade Point, inaugurated in April 1994, would be a virtual trade point, servicing among others the port and the airport. The Sao Paulo Trade Point would be inaugurated by the end of July 1994. The Porto Alegre Trade Point, inaugurated in December 1993, now employed five full-time staff.

53. The representative of **India** said that her country had made significant advances in liberalizing telecommunications and pricing policies. Significant progress had also been made in the fields of finance, Customs, insurance, business information and transport. The first of the Indian trade points was to be set up in New Delhi. The creation of the Indian Trade Efficiency Association was well under way, and the relevant by-laws were currently being drafted.

54. The representative of **Egypt** said, that given his country's severe balance-of-payments-difficulties, the Government intended to include trade points in its export promotion strategy. The Cairo Trade Point had been operative since January 1994, and the services provided were still free of charge. Three more trade points were foreseen for the near future. The main difficulties encountered had been the lack of data bases and the lack of telecommunications infrastructure, and ways were currently being sought of connecting the Egyptian trade point with other trade points through a low-cost network.

55. He suggested that UNCTAD should continue to provide backstopping on trade point development and that industrialized countries should find ways to help

finance the creation of trade points in developing countries. Finally, his country expected that, after the Symposium, means would be found to make trade points in developing countries viable and to integrate them effectively in a network that would allow them to fulfil their role according to the Cartagena Commitment.

56. The representative of **Ukraine** reported that a trade point was being set up in Kiev with the help of the Finnish Trade Point. As an economy in transition where there had been great changes in legislation, including the foreign trade regime, Ukraine was eager to join the trade point programme in order to overcome some of its foreign trade difficulties. The Kiev Trade Point currently employed three staff members, two of whom had been trained in Finland.

Chapter II

ORGANIZATIONAL MATTERS

A. Opening of the session

57. The third session of the Ad Hoc Working Group was opened on 2 May 1994 by the Chairperson of the Group.

B. Bureau of the Ad Hoc Working Group

58. The Bureau of the Ad Hoc Working Group was as at the Group's second session, as follows:

Chairperson:	Mrs. E. Shelton	(United States of America)
Vice-Chairmen:	Mr. A.-R. Al Sohaibani	(Saudi Arabia)
	Mr. E. Dreyfous	(France)
	Mr. M. Mangachi	(United Republic of Tanzania)
	Mr. J. Perez Gabilondo	(Argentina)
	Mr. Y. Afanassiev	(Russian Federation)
Rapporteur:	Mr. A. Brahime	(Morocco)

C. Adoption of the agenda and organization of work
(Agenda item 1)

59. The representative of **Finland**, speaking in his capacity as **Chairman of ECE Working IV**, having emphasized the strong desire of ECE to pursue its cooperation with the Ad Hoc Working Group on trade Efficiency, said that item 2 of the Working Group's provisional agenda dealt with matters on which ECE Working Party IV had been working for many years and which UNCITRAL had also taken up. In view of the short time available to the Ad Hoc Working Group, it might not be realistic to expect the Group to make much progress on the complex issues involved. In that connection, ECE had prepared a questionnaire on related legal and procedural questions, the responses to which would provide an important input for future work. He requested that the questionnaire be distributed to members of the Ad Hoc Working Group.

60. The **Chairperson** said that the original intention had been for item 2 to be dealt with at a workshop, but this had not proved possible. In discussing item 2, the Ad Hoc Working Group would naturally draw on the work of other bodies. The questionnaire referred to by the Chairman of ECE Working Party IV could be distributed to members of the Ad Hoc Working Group.

61. At the opening plenary of its third session, the Ad Hoc Working Group adopted its provisional agenda (TD/B/WG.2/10), as follows:

1. Adoption of the agenda and organization of work

2. Governments' role in trade efficiency [1]

3. Progress on implementation of trade points and the trade point programme

4. Preparations for the United Nations International Symposium on Trade Efficiency

5. Consideration of guidelines on key sectors for trade efficiency: customs, transport, banking and insurance, information for trade, business practices and telecommunications

6. Other business

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[1] This item will consist of the work envisaged for Workshop 2 as agreed in the work programme of the Ad Hoc Working Group.

7. Adoption of the report of the Ad Hoc Working Group to the Board.

62. At its plenary meeting on 6 May 1994, the Ad Hoc Working Group decided, in line with the possibility accorded to it in the UNCTAD calendar of meetings, to extend its session until 11 May 1994.

D. Other business

(Agenda item 6)

[To be completed, as appropriate]

F. Adoption of the report of the Ad Hoc Working Group to the Board

[To be completed]